Department of Finance

News Release

Immediate release

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Canada's New Government Provides Tax Relief for Canadian Families and Businesses

The Honourable Jim Flaherty, Minister of Finance, today tabled a Notice of Ways and Means Motion in the House of Commons to implement certain tax relief measures proposed last week in Budget 2007 and in the months before the budget.

"Canadians pay too much tax," said Minister Flaherty. "Budget 2007 builds on the significant tax relief in our first budget to help Canadian families and businesses get ahead and stay ahead. We are reducing taxes by more than $40 billion over this and the next two fiscal years and we will continue to look at new ways to ease the tax burden of hard-working Canadians."

Key measures in the Notice include:

- Introducing a $2,000 child tax credit that will provide up to $310 per child of tax relief to more than 3 million Canadian families, effective January 1, 2007.
- Increasing the spousal and other amounts, which will provide up to $209 of tax relief for a supporting spouse or single taxpayer who is supporting a child or relative, effective January 1, 2007.
- Enacting the Tax Fairness Plan, which delivers over $1 billion in additional tax savings for Canadian pensioners and seniors including:
  - Increasing the age credit amount by $1,000 to $5,066, effective January 1, 2006.
  - Introducing pension income splitting, effective January 1, 2007.
  - Reducing the general corporate income tax rate by one-half percentage point, effective January 1, 2011.
  - Introducing a distribution tax on distributions from certain publicly-traded income trusts and limited partnerships, generally effective beginning in 2011 for previously existing trusts and partnerships and in 2007 for new trusts and partnerships.

- Doubling the value of goods that may be imported duty- and tax-free by returning Canadian residents after a 48-hour absence from Canada to $400 from $200, effective March 20, 2007.

- Making registered education savings plans more responsive to the needs of students by eliminating the $4,000 limit on annual contributions, increasing the lifetime contribution limit to $50,000 from $42,000, and increasing the maximum Canada Education Savings Grant annual amount to $500 from $400, effective January 1, 2007.

- Increasing the age limit from 69 to 71 for converting a registered retirement savings plan (RRSP) to strengthen incentives for older Canadians to work and save, effective January 1, 2007.

- Amending the list of qualified investments that can be held by RRSPs and other registered plans to include most investment-grade debt and publicly-listed securities, effective March 19, 2007.

- Establishing a federal Foreign Convention and Tour Incentive Program to attract foreign conventions and tour groups through a goods and services tax/harmonized sales tax rebate, effective April 1, 2007.

- Introducing a Green Levy on fuel-inefficient vehicles in Canada, effective March 20, 2007.

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